

City of San Jose
Former San Jose Medical Center Site
Land Use – Health Care Study

Stakeholder Advisory Committee Meeting

200 East Santa Clara Street, Combined Wing Rooms 118 and 119
(San José City Hall)
Wednesday, May 16, 2007
6:00 – 8:00 p.m.

DRAFT MEETING NOTES

Committee Members: Roz Dean, Nancy Hickey, Joshua Howard, Les Levitt, Julia Ostrowski, Patti Phillips, Andrew Reid, Gary Schoennauer, and Ernie Wallerstein,

Staff: Andrew Crabtree, Kip Harkness, Sam Knutson, and Allen Tai

Consultants: Dr. Henry Zaretsky and Terry Bottomley

A. Welcome and Introductions

Dr. Henry Zaretsky explained there was a misunderstanding with O'Connor Hospital with regards to the meeting time. He stated that O'Connor would make every effort to attend the next meeting.

B. Healthcare Issues

Dr. Henry Zaretsky presented the data he had compiled from the local hospitals and residents in the Downtown ZIP codes categorized by emergency visits. The data showed spiking numbers from downtown residents at the three area hospitals after SJMC's closing. Andrew Reid wanted to see the data broken down by payer mix, including residents on Medi-Cal, insured, and uninsured for emergency room visits. Dr. Henry Zaretsky presented another slide showing payer mix and increases for the six months due to the closure of SJMC. O'Connor did not distinguish between Downtown resident ZIP Codes but RMCSJ and Valley Med did so.

Gary Schoennauer commented that RMCSJ still absorbs Medi-Cal patients through the Emergency Room and patient discharges, providing adequate medical access to Downtown residents. Andrew Reid questioned if treatment actually occurs at RMCSJ with the opening a trauma center and servicing of Medi-Cal patients. Michael Heil of Healthworks commented that the trauma center is not a driving force in the numbers, especially the amount of Medi-Cal patients treated. Roz Dean asked if trauma center patients treated or untreated are included in these numbers. Michael Heil stated that is the case.

Dr. Henry Zaretsky exhibited regional hospital occupancy rates, showing high vacancy rates at O'Connor and Valley Med, but high occupancy at RMCSJ. This contradicts anecdotal stories

from hospital administrations stating these facilities are overflowing. Roz Dean wanted clarification on what was approved as part of RMCSJ's expansion. Dr. Henry Zaretsky said that on the market side, there does not appear to be a bed shortage. Gary Schoennauer asked how the expansion at Kaiser Santa Clara impacts downtown residents. Dr. Henry Zaretsky said he ignored them due to the fact they are a closed service system.

Nancy Hickey said consolidation does not acknowledge the fact that a service location has been lost. Dr. Henry Zaretsky acknowledged this may be true, but three additional miles to travel does not create huge difference. Dr. Henry Zaretsky showed the relatively small market share of Medi-Cal patients at O'Connor versus Valley Med and RMCSJ.

Gary Schoennauer asked if this data can be applied to consider the potential feasibility of opening another hospital in the market place. Payer mix and Medi-Cal serve as the hinging factor on the success of a new hospital in the downtown area. Dr. Henry Zaretsky stated the data is merely a before and after of the SJMC closing, not the true economics of the situation. Roz Dean stated that the taskforce needs to plan for the "need."

Strategic Healthcare Systems, Inc. – Dr. Alberto Gomez presented their mission statement, business plan, and interest in serving the downtown community.

www.shsmedical.net

www.physicianappt.com

Dr. Alberto Gomez responded to questions from his presentation. Some points of information included that 15% of their patients are Medi-Cal/Medi-Care. Their business model relies on putting costs control of medical care into the hands of the physicians and patients by building their own infrastructure of service providers. They expressed a need to construct and expand in San Jose as soon as possible.

C. Land Use Analysis

Rudolph and Sletten representative, Michael Mohrman, presented their hospital feasibility report, and explained why they concluded that reuse of the existing facility. Les Levitt questioned the methodology for Rudolph and Sletten's evaluation and asked if Mr. Mohrman was familiar with SB1953. He believed that the existing hospital structure should be assessed under OSHPD standards for reconstruction and that it could extend the date for compliance with seismic upgrades. Les Levitt questioned how a hospital that was operating as recent as 2004 could be significantly non-compliant with the multitude of issues raised in the Rudolph and Sletten conclusion. He Michael Mohrman described the complexities and high costs of hospital reconstruction, and stated that retrofit is not a viable option with the exception of the MediPlex building which is currently still occupied with medical offices.

Terry Bottomley presented an aerial identifying several sites in the Downtown area that is of sufficient size for hospitals. Roz Dean asked whether the MediPlex building could be maintained as a use on the property with medical offices. Terry said that was one of the options studied in the land use concepts.

Sites one thru five included (1) County owned armory site, (2) County parking, (3) City parking lot at Taylor, (4) Jackson-Taylor industrial site, and (5) an existing County mental health services facility east of SJMC. It was noted that the exercise is conceptual and does not take into account of property ownership and land use questions pertaining to whether a hospital use would be viable in those locations.

Paula Velsey said site #5 would probably not be an option given existing uses on the site. Terry Bottomley stressed the shortage of land downtown that would be available this type of facility. Les Levitt raised the issues of the City's purchase of the FMC site and wondered how the City can hold this piece of the property for 30 years for interim uses. The Committee then discussed the feasibility of considering the FMC site as a land banking location for a future hospital. Kip Harkness clarified the interpretation of what is downtown and what is the scope of development contemplated for medical use, could be incorporated into the comprehensive General Plan update. He stressed then need to collaborate with the County with regards to decision making process on healthcare needs of the City, both downtown and citywide. Kip Harkness stated the need for a Joint City/County taskforce, expanding the General Plan Update to look at the citywide medical needs and suggest an actual land banking site for potential medical use. Ernie Wallerstein asked if this would be exceeding the scope of looking at reuse of the SJMC site, which is what he thought the group was purposed to do. Andrew Reid asked Gary Schoennauer if HCA would be willing to allow another hospital within the area. Gary Schoennauer stated it's not HCA's decision whether or not a hospital locates in the area, though there does not appear to be a market need for a hospital within the next ten to twenty years. Andrew Reid opened the possibility that population growth would affect the need of healthcare in the area, Michael Heil stated that hospital is a hard business model.

D. Logistics and Adjournment

Allen Tai presented an updated work plan with the SAC process completing in July. Les Levitt proposed extending the timetable by holding one meeting a month as opposed to having multiple meetings a month. Julia Ostrowski agreed that there is not yet enough consensus amongst group members due to the lack of attendance by Committee members. Allen Tai stated that discussion of the Attendance Policy would be agendized for the next meeting. The committee decided to cancel the July meeting and restore the original meeting schedule to every third Wednesday of the month. Gary Schoennauer provided handouts on RMCSJ data.

Meeting adjourned at 8:15 p.m.